

### Attachment 3

#### Medicaid Reform Fact Sheet

LB 709 (2005)

LB 709 requires development of a **Medicaid reform plan** by two persons, one appointed by Governor Heineman and one appointed by Senator Jim Jensen as chair of the Legislature's Health and Human Services Committee. The designees are Richard Nelson, Director of HHS Finance and Support, and Jeff Santema, legal counsel to the Health and Human Services Committee. The designees must (1) consult with the Governor, the Health and Human Services Committee, the HHSS Policy Cabinet, and the federal Centers for Medicare and Medicaid Services; (2) solicit public input; (3) conduct at least one public meeting in each congressional district; (4) provide monthly reports to the Governor and the committee; (5) meet monthly with the Medicaid Reform Advisory Council; and (6) develop and submit a Medicaid reform plan to the Governor and the Legislature by December 1, 2005.

**The Health and Human Services Committee** must conduct a public hearing on the plan by December 15, 2005. **The chair of the Health and Human Services Committee**, in consultation with the committee, may introduce legislation in 2006 to implement the plan.

LB 709 establishes a **Medicaid Reform Advisory Council** consisting of ten persons, five appointed by the Governor and five appointed by Senator Jensen as chair of the Legislature's Health and Human Services Committee, and representing health care providers, health care consumers/advocates, business, insurers, and elected officials. The Medicaid Reform Advisory Council must (1) meet monthly with the two designees; (2) review monthly reports submitted to the Governor and the committee by the designees; and (3) review the Medicaid reform plan and provide recommendations relating to the plan to the Governor and the committee by December 14, 2005. The council is not required to develop the plan, and is only one source of input to the designees during development of the plan.

#### **Tentative Timeline for Activities by Reform Designees (2005):**

June – Sept.	Solicit public input, research and develop preliminary findings and recommendations
Oct. – Nov.	Solicit public input on preliminary findings and recommendations, conduct public meeting(s) in each congressional district
Dec.	Submit reform plan, assist in preparing draft legislation to implement the plan (draft legislation introduced in January 2006)

#### **For More Information:**

Nebraska Health and Human Services System: [www.hhss.ne.gov/med/reform](http://www.hhss.ne.gov/med/reform)

Nebraska Legislature: [www.unicam.state.ne.us/committees/hhs.htm](http://www.unicam.state.ne.us/committees/hhs.htm)

Richard Nelson, Director  
HHS Finance and Support  
P.O. Box 95026  
301 Centennial Mall South  
Lincoln, NE 68509-5026  
(402) 471-8553

Jeff Santema, Legal Counsel  
Health and Human Services Committee  
P.O. Box 94604  
1402 State Capitol  
Lincoln, NE 68509-4604  
(402) 471-2622

## **Medicaid in Nebraska**

Medicaid is a state-federal partnership administered as a welfare entitlement program within broadly established federal guidelines under Title XIX of the federal Social Security Act. The cost of the program is shared by the state and federal government (approximately 60% federal, and 40% state).

Nebraska has also established a Children's Health Insurance Program as a Medicaid expansion under Title XXI of the federal Social Security Act. The combined Medicaid program for children is called "Kid's Connection."

The state establishes its own eligibility standards; determines the type, amount, duration, and scope of services; sets payment rates for services; and administers the program on a day-to-day basis. Core federal requirements applicable to all state Medicaid programs include (1) statewideness, (2) comparability, (3) freedom of choice, and (4) sufficiency in amount, duration, and scope of Medicaid services. Portions of federal Medicaid authorizing legislation may be "waived" to provide states with greater Medicaid flexibility.

Elements of a state Medicaid program must be approved by the federal Centers for Medicare and Medicaid Services (CMS). The Medicaid "state plan" is a comprehensive written document, developed and amended collaboratively with CMS, that describes the nature and scope of the state's Medicaid program, and gives assurances that the state will administer the program in compliance with federal requirements.

Medicaid is (1) a chronic and long-term care program for low income seniors and persons with disabilities; (2) a supplement to Medicare for this same population; (3) an insurance-like program for low income pregnant women, children and some parents; and (4) a funding source for safety net hospitals and community health centers that serve a disproportionately high share of uninsured persons. Medicaid coverage includes both federally mandated and state optional services and eligible persons.

Medicaid in Nebraska is shaped by public policy established by the United States Congress and the Nebraska Legislature and the complex interaction of four interrelated elements: (1) eligibility, (2) services, (3) reimbursement, and (4) administration.

Medicaid program costs are affected by (1) caseload (determined by eligibility criteria), (2) utilization (determined by services covered and service limits), and (3) unit price (determined by provider reimbursement rates).

Total Medicaid appropriations grew from \$201 million in FY 86-87 to \$1.4 billion in FY 06-07, from 8.6% of state General Fund appropriations to 17.8%, from a monthly average of 88,000 eligible persons to 200,000. The average annual growth in Medicaid appropriations during the period was 10.8%. Average annual growth in General Fund revenues during the period was 6.9%.

The majority of Medicaid beneficiaries in FY 04-05 were children and pregnant women (64.5%), but the majority of Medicaid expenditures (66.7%) were made on behalf of the elderly and disabled. The highest Medicaid expenditures in FY 04-05 were for nursing home care, inpatient hospital services, and prescription drugs. Total Medicaid long-term care expenditures were approximately 36.3% of the Medicaid budget in FY 04-05.

Since their original adoption in 1965, Nebraska Medicaid statutes have been amended approximately 46 different times in 26 different legislative sessions. Nebraska Medicaid and related statutes are found in Chapter 68, Article 10 of the Nebraska Revised Statutes.

# Medicaid Reform Public Input Meetings

## **FOR PUBLIC INPUT**

**Date:** \_\_\_\_\_ **Location:** \_\_\_\_\_

**Name** \_\_\_\_\_  
(PLEASE PRINT)

**Address** \_\_\_\_\_  
(Street, City, State)

**Phone Number** \_\_\_\_\_

**If representing an organization:** \_\_\_\_\_

**I provided comments in person.** \_\_\_\_\_

**Please use the space below to share any written comments.**